

Dear Members,

Greetings!

We wish you and your family a very happy and prosperous New Year 2019!

PHD Research Bureau  
PHD CHAMBER OF COMMERCE AND INDUSTRY



## Weekly Compendium of Research

For the week ending 28<sup>th</sup> December 2018

PHD Research Bureau disseminated information to members of PHD Chamber & other industry stakeholders on various economic and business developments at International, National and Sub-national arena such fiscal deficit for the month of November 2018, delta rankings of districts released by NITI Aayog, decisions taken by GST council in 31<sup>st</sup> meeting, foreign direct investment policy review, constitution of logistics development committee, among others. The links of disseminated information during the week ending 28<sup>th</sup> December 2018 are appended.

### India and World Economy

- [November 2018 fiscal deficit stands at 114.8% of actuals to Bes-](#) The gross fiscal deficit of the Central government stands at 114.8% of the actuals to budget estimates (BEs) at the end of November 2018 as compared to 112% of the actuals to budget estimates in the corresponding period of the previous year. The primary deficit was registered at 759.9% of the actuals to budget estimates at the end of November 2018 as compared to 1288.9% of the actuals to budget estimates during corresponding period of the previous year.
- [NITI Aayog Releases Second Delta Ranking of the Aspirational Districts-](#) The NITI Aayog released the Second Delta ranking for the Aspirational Districts which measures the incremental progress made by them between June 1, 2018 and October 31, 2018, across six developmental areas of Health and Nutrition, Education, Agriculture and Water Resources, Financial Inclusion, Skill Development, and Basic Infrastructure.
- [Government notifies issue price of Sovereign Gold Bond 2018-19 Series-IV-](#) The Sovereign Gold Bond Scheme 2018-19 - Series IV will be opened for subscription for the period from December 24, 2018 to December 28, 2018. The nominal value of the bond based on the simple average closing price [published by the India Bullion and Jewellers Association Ltd (IBJA)] for gold of 999 purity of the last three business days of the week preceding the subscription period, i.e. December 19-December 21, 2018 works out to Rs.3,119/- (Rupees Three Thousand One Hundred Nineteen only) per gram.
- [Logistics Development Committee constituted by the Economic Advisory Council to the Prime Minister-](#) The Economic Advisory Council to the Prime Minister (EAC-PM) constituted a Logistics Development Committee under the Chairmanship of Dr. Bibek Debroy, Chairman EAC-PM. The

committee has been tasked to assess key challenges in logistics development and associated commerce and suggest policy reforms for ease of doing trade in India. Other members of the committee included Secretaries and heads of the concerned departments/ministries such as Revenue, Commerce, Logistics, DIPP, Civil Aviation, Shipping, Road Transport & Highways, Railways, Central Board of Indirect Taxes and Customs (CBIC) etc. This Committee also includes Dr. Jayanta Roy, a well-known trade policy expert specializing in Trade and Logistics Facilitation.

- **Hon'ble President of India Inaugurated Centre of Excellence for Genetic Blood Disorders at Prathima Institute in Karimnagar-** The Hon'ble President of India, Shri Ram Nath Kovind, inaugurated the Centre of Excellence for Sickle Cell Anaemia, Thalassemia and Other Genetic Blood Disorders at the Prathima Institute of Medical Sciences in Karimnagar, Telangana. The country has made significant strides in the field of healthcare. However, much progress needs to be made in evolving a holistic healthcare system, one which is uniformly affordable and accessible. Strengthening of public hospitals, municipal hospitals, charitable hospitals and primary health and wellness clinics is required. An awareness needs to be spread on healthcare issues especially in rural areas and among disadvantaged sections.
- **Hon'ble PM of India dedicates Bogibeel bridge to the nation-** The Hon'ble Prime Minister Shri Narendra Modi, dedicated the Bogibeel bridge in Assam, to the nation. The bridge, which spans the River Brahmaputra between Dibrugarh and Dhemaji districts of Assam, is of immense economic and strategic significance for the nation. At a massive public meeting in Kareng Chapori, on the northern bank of the Brahmaputra, the hon'ble Prime Minister also flagged off the first passenger train passing through the bridge.
- **Review of policy on Foreign Direct Investment (FDI) in e-commerce-** To provide clarity to FDI policy on e-commerce sector, Para 5.2.15.2 of the Consolidated FDI Policy Circular 2017 will now read as: E-commerce activities-% of Equity/FDI cap- 100% and Entry Route: Automatic.

## Finance

- **Policy Recommendations made during 31st Meeting of the GST Council-** The GST Council in its 31st meeting held today at New Delhi made the following policy recommendations: there would be a single cash ledger for each tax head. The modalities for implementation would be finalised in consultation with GSTN and the Accounting authorities; a scheme of single authority for disbursement of the refund amount sanctioned by either the Centre or the State tax authorities would be implemented on pilot basis. The modalities for the same shall be finalized shortly; the new return filing system shall be introduced on a trial basis from 01.04.2019 and on mandatory basis from 01.07.2019; among others.
- **Changes in GST Rates: Decisions taken by GST Council in the 31st Meeting-** GST Council in the 31st meeting held on 22nd December, 2018 at New Delhi took following decisions relating to changes in GST rates, and clarifications: Goods: 28% to 18%- Pulleys, transmission shafts and cranks, gear boxes etc., falling under HS Code 8483, Monitors and TVs of upto screen size of 32 inches, Re-treaded or used pneumatic tyres of rubber; power banks of lithium ion batteries. Lithium ion batteries are already at 18%. This will bring parity in GST rate of power bank and lithium ion battery, digital cameras and video camera recorders, video game consoles and other games and sports requisites falling under HS code 9504.

## Our Voice

PHD Chamber applauds Finance Minister on rationalization of GST rates: Consistent indirect tax revenue growth along with reduction in high GST rates indicate that tax base is widening and economic activity is expanding. Reduction in

tax rates on the items from TVs to movies tickets, marble rubble, frozen and preserved vegetables, among others is a great relief for every segment of the society. It is encouraging to note that only 28 items are left in the highest slab of 28%; the shift in items from higher tax slabs to lower tax slabs is the visible intent of the Government to constantly reforming the taxation system to make it more and more simple. Going ahead, rationalization of GST rates on cement, hotel & restaurants, tourism would further enhance the economic activity and strengthen the growth of construction and tourism sectors. There is a need to consider real estate and petroleum products in the ambit of GST.

## Economy so far

- **Kerala and Himachal Pradesh topped in SDG India Index: A Baseline Report 2018 by NITI Aayog-** Among the States, Kerala and Himachal Pradesh are the front runners with an SDG India Index score of 69. Among the UTs, Chandigarh is a front runner with a score of 68. Kerala's top rank is attributed to its superior performance in providing good health, reducing hunger, achieving gender equality and providing quality education. Himachal Pradesh ranks high on providing clean water and sanitation, in reducing inequalities and preserving mountain ecosystem. Among the UTs, Chandigarh takes the lead because of its exemplary performance in providing clean water and sanitation to its people.
- **Ministry of Heavy Industries and Public Enterprises has proposed customs duty cut on electric vehicles parts to Ministry of Finance** - Department of Heavy Industries has proposed slashing of customs duty on parts of electric vehicles (EVs) to the Ministry of Finance. To boost production of EVs in the country, defining semi-knocked-down and completely-knocked-down kits used for assembling such vehicles for streamlining of customs duty is also suggested.
- **Hon'ble Shri Nitin Gadkari inaugurates/lays the foundation for projects worth Rs 9533 Crore in Arunachal Pradesh-** Hon'ble Union Minister Shri Nitin Gadkari inaugurated/ lay the foundation for national highways projects worth Rs 9533 crore at separate events in Roing and Ziro in Arunachal Pradesh. These infrastructure projects will transform the picture of states in the North Eastern region of the country by way of development, job creation, tourism and employment for the youth. These projects will ensure 24X7 connectivity between places and save travel time between Assam and Arunachal Pradesh.
- **India to hold bilateral meetings with some RCEP members-** Indian officials will hold bilateral meetings with a few countries, including China and some ASEAN members, in the coming days to iron out issues hindering negotiations of RCEP mega trade deal. After the bilateral meetings, the RCEP members will meet for the 25th round of negotiations in mid-February in Indonesia.
- **Despite global trade war, India managed to grow its exports in 2018-** Despite a global trade war, India managed to grow its exports in 2018 but high crude prices and rising domestic demand continued to inflate the trade deficit at a faster rate. The year started with monthly trade deficit soaring to a 56-month high. By October, 2018, it had risen to more than USD 153 billion.
- **Chhattisgarh to return unused land to farmers-** Farmers in Chhattisgarh are getting back land that was taken from them more than a decade ago by the government because it was not used, a rare move in a country riven by conflict over land. Hon'ble Chief Minister Shri Bhupesh Baghel asked officials to return about 2,000 hectares (7.7 square miles) in Bastar district.
- **India pips China in FDI inflows for the first time in 20 years-** For the first time in two decades, India has been getting more foreign investment than its neighbour China. In 2018, India saw more than USD38 billion of inbound deals compared with China's USD32 billion, buoyed by stable fundamentals, a bankruptcy code and fresh opportunities in sunrise sectors.

- **Debt waivers to hit states' capex: India Ratings-** Farm-loan waivers announced by a number of states could adversely impact the combined state government spending on capital assets, India Ratings said in a study after agricultural distress appeared to have emerged as a major election issue in the latest round of balloting.

### Markets so far

Indicators	Yearly			Monthly			Daily		
	2015	2016	2017	Sep 18	Oct 18	Nov 18*	(24-12-2018)	(26-12-2018)	(27-12-2018)
BSE SENSEX	26118	26,626	34,056.83	36227	34442	36194	35470	35649	35807
GOLD (10 GRMS)	24994	29419.95	28966.08	30296	31698	30240	31190	31452	31513
CRUDE OIL (1 BBL)	2,431	2,924.63	3,317.11	5240	4869	3597	3193	2985	3235
EXCHANGE RATE (INR/USD)	64.15	67.21	65.11	72.91	73.45	69.58	70.14	70.25	70.35

Source: PHD Research Bureau, compiled from BSE, MCX and Bloomberg, RBI (\*Data pertains to 30-November -2018)

### Unemployment and Consumer Sentiments Indices

Indicators	24-12-2018			26-12-2018			27-12-2018		
	India	Urban	Rural	India	Urban	Rural	India	Urban	Rural
Unemployment Rate	7.2	7.5	7.0	7.2	7.6	7.0	7.3	7.6	7.2
Consumer Sentiments	102.1	96.18	105.6	101.4	95.7	105.3	101.8	95.7	105.5

Source: PHD Research Bureau, compiled from BSE

## Newsletters

PHD Research Bureau, has released a newsletter pertaining to a broad view of developments in Indian states.

### [STATE DEVELOPMENT MONITOR FOR THE MONTH OF DECEMBER 2018](#)



## PHD Research Bureau Subscription Opportunities

- [PHD Research Bureau Subscription Opportunities](#): PHD Research Bureau; the research arm of the PHD Chamber of Commerce and Industry was constituted in 2010 with the objective to review the economic situation and policy developments at sub-national, national and international levels and comment on them in order to update the members from time to time, to present suitable memoranda to the Government as and when required, to prepare State Profiles and to conduct thematic research studies on various socio-economic and business developments. Subscribers of PHD Research Bureau would receive daily updates on various international, national and sub-national business and economic developments, monthly newsletters related to international, national and sub-national economy, forex markets and trade and investments, analytical information on various developments, etc.

Warm Regards,

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